

State of Washington

# FORTY-FOURTH REPORT

*of* Washington State Liquor Control Board



July 1, 1976  
TO  
June 30, 1977  
Inclusive

STATE PRINTING PLANT

**DEFENDANT'S  
EXHIBIT**

CASE  
NO. C04-0360P

EXHIBIT  
NO. 480

Resp to Costco RFP  
2121

TX480-001



## REGULATORY SERVICES

### MANUFACTURERS, IMPORTERS AND WHOLESALEERS DIVISION

#### Board Modifies Wholesale Price Guidelines on Beer and Wine

Following a series of well attended public hearings, the board adopted amended Regulations (49), (49.5), (81) and (82) to provide beer and wine wholesalers and manufacturers greater flexibility in establishing their wholesale prices. The changes principally consisted of eliminating the requirements for consistency of prices between the various packages and containers offered for sale, and removing the prohibition against "post offs" or temporary price reductions. The Board itself initiated the action to grant additional leeway in pricing as a means of encouraging suppliers to lower prices, hopefully, to the ultimate benefit of consumers.

#### Wholesalers and Teamsters Involved in Labor Disputes

The beer and wine industry was involved in labor disputes during the current fiscal year. A contract disagreement between the wholesalers and the Teamsters union culminated in a strike at Tacoma in midsummer 1976, and continued for approximately nine weeks. A similar strike began in Tri-Cities area in Eastern Washington late in June 1977, and was underway when the current fiscal year ended.

#### Wine Selection Increases; Sales Set Growth Pattern

Approximately 900 new wines were chemically analyzed at the state laboratory in fiscal 1977, bringing the total of certified items to about 8,400. The introduction of new items into the state has maintained a fairly steady pace and, at the present time, it appears evident that the heavy influx of such new items will continue.

Gallonage sales of wine leveled off to a growth rate of between eight and nine percent for each of the past two years and total sales volume in the state is expected to surpass ten million gallons during the upcoming fiscal year. The 1977 fiscal year increase in sales resulted entirely from greater sales to importers and wholesalers, as sales by the Board declined by seven percent during the years in comparison with fiscal 1976.

Local consumers are indicating a considerable amount of interest in wines produced in foreign countries by a 50.9 percent increase in the importation of these products in fiscal 1977, compared to the previous 12-month span. The 1977 jump in sales of such imports was preceded by a 42 percent one-year gain in such sales recorded in 1976.

Consumers continue to show a decided preference for "table" wines, with 83.9 percent of the wine sold in the state listed in the low alcohol category, compared to 82.2 percent in fiscal 1976.

About seven percent of the wine sold in the state last year was manufactured by Washington wineries, representing a decrease of approximately one percent from the comparative figure of the prior year.